

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2014-00372

**Supplemental Response to Commission Staff's First Request for Information
Dated November 14, 2014**

Question No. 59

**Responding Witness: Kent W. Blake / Robert M. Conroy /
Christopher M. Garrett / Russel A. Hudson**

Q-59. To the extent not included in other responses, provide all workpapers, calculations, and assumptions the utility used to develop its forecasted test period financial information.

A-59. Original Response

All workpapers, calculations, and assumptions used by the Company to develop the forecasted test period financial information are being provided in electronic format with formulas intact. See attachments provided in Excel format.

Supplemental Response

LG&E and KU in the course of preparing their responses to the requests for information or following the preparation of their respective applications determined that certain data or information needed to be corrected. The collective impact of these corrections (eight for LG&E and four for KU) on the as filed revenue requirement is shown below:

| | AS FILED | REVISED | CHANGE |
|-------|----------|---------|--------|
| KU | 153.4 | 155.3 | 1.9 |
| LGE-E | 30.3 | 28.0 | -2.3 |
| LGE-G | 14.3 | 14.3 | 0.0 |
| TOTAL | 198.0 | 197.6 | -0.4 |

LG&E identified the following seven corrections:

1. Transmission of Electricity to Others revenue associated with Municipal Wholesale customers is only forecasted for the transmission service customers and 100% of the revenue is allocated to KU. The transmission service OATT applies to all municipal customers, including those on primary service and the

Attachment in Excel

The attachment(s)
provided in separate
file(s) in Excel format.

revenue is split between KU and LG&E. This correction decreases the LG&E Electric revenue requirement by approximately \$1.8 million.

2. LG&E Electric account 454-Rent from Electric Property should be reduced and LG&E Gas account 493-Rent from Gas Property should be increased by \$173,832. The budget amount was allocated 100% to electric; however the amounts should have been split between electric and gas. The correction increases the LG&E Electric revenue requirement and decreases the LG&E Gas revenue requirement by approximately \$0.2 million.
3. A portion of LG&E storm regulatory asset amortization was inadvertently not posted to the balance sheet. The correction decreases the 13-month average Total Capital by approximately \$5.6 million. The correction decreases the LG&E Electric revenue requirement by approximately \$0.5 million and the LG&E Gas revenue requirement by approximately \$0.1 million.
4. The LG&E FAS109 deferred tax balance was not removed from the accumulated deferred tax balance reflected in rate base. The correction impacts the jurisdictional rate base percentage used to allocate Total Capital. The correction decreases the LG&E Electric revenue requirement by approximately \$0.1 million and increases the LG&E Gas revenue requirement by approximately \$0.1 million.
5. A portion of the LG&E DSM deferred taxes were inadvertently included in base rates. The correction impacts the Adjustment Amount to Jurisdictional Adjusted Capital. The correction increases the LG&E Electric revenue requirement by approximately \$0.025 million and the LG&E Gas revenue requirement by approximately \$0.002 million.
6. LG&E GLT retirements for risers are not included in the GLT adjustments to remove the mechanism from base rates. The impact of the GLT retirements in base rates is a decrease to the GLT depreciation expense. The correction increases base rate depreciation expense and increases the LG&E Gas revenue requirement by approximately \$0.2 million.
7. LG&E Schedule J-3, Thirteen Month Average, Page 3 of 3, Line No. 12, \$40MM bond interest rate should be 2.20% instead of 3%. The correction decreases the embedded cost of long-term debt and the 13-Month Average Weighted Cost of Capital. The correction decreases the LG&E Electric revenue requirement by approximately \$0.2 million and the LG&E Gas revenue requirement by approximately \$0.046 million.
8. LG&E Schedule J-3, Pages 1 and 2 of 3, Line No. 25, Regulatory Liability – Swap Hedging FMB amounts are shown as positive \$1,410,166, but should be negative (\$1,410,166). The correction does not impact the requested revenue requirements.

The attached spread sheets and work papers provide the support for the calculation of the impact of the corrections on the as file revenue requirement and further identify the details of and support for each correction.